

Senate Study Bill 1128 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
COMMERCE/CREDIT UNION
DIVISION BILL)

A BILL FOR

1 An Act relating to matters under the purview of the credit
2 union division of the department of commerce, and making
3 penalties applicable.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 533.102, subsection 4, Code 2013, is
2 amended to read as follows:

3 4. "*Credit union service organization*" means a corporation,
4 ~~or~~ limited partnership, or limited liability company organized
5 under state law to provide financial and financial-related
6 services for one or more credit unions, each of which owns part
7 of the capital stock of the credit union service organization,
8 as authorized under section 533.301, subsection 5, paragraph
9 "f", and which corporation, ~~or~~ limited partnership, or limited
10 liability company is subject to examination by the credit
11 union division of the Iowa department of commerce or a federal
12 supervisory agency.

13 Sec. 2. Section 533.205, subsection 1, paragraph d, Code
14 2013, is amended to read as follows:

15 d. A ~~chief~~ financial officer whose title shall be designated
16 by the board.

17 Sec. 3. Section 533.301, subsections 28 and 29, Code 2013,
18 are amended to read as follows:

19 28. Sell, to persons in the field of membership, negotiable
20 checks, including traveler's checks; money orders; and other
21 similar money transfer instruments including international and
22 domestic electronic fund transfers and remittance checks.

23 29. Cash checks and money orders, and send and receive
24 international and domestic electronic fund transfers and
25 remittance transfers, for persons in the field of membership.

26 Sec. 4. Section 533.401, subsection 3, paragraphs a and b,
27 Code 2013, are amended to read as follows:

28 a. Notice of ~~the meeting called to consider~~ balloting for
29 the membership vote on the merger was mailed to each member of
30 the merging credit union entitled to vote upon the question
31 at least twenty days prior to the ~~date of the merger meeting~~
32 scheduled conclusion of the vote.

33 b. The notice of balloting disclosed the purpose of the
34 ~~meeting vote~~ and properly informed the membership that approval
35 of the merger would be sought pursuant to this section.

1 Sec. 5. Section 533.401, subsection 9, Code 2013, is amended
2 by striking the subsection.

3 Sec. 6. Section 533.404, subsection 4, Code 2013, is amended
4 by striking the subsection.

5 Sec. 7. Section 533.405, subsection 2, Code 2013, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. *d.* The board of directors shall notify the
8 national credit union administration of the intent to dissolve,
9 as required by federal regulation.

10 Sec. 8. Section 533.405, Code 2013, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 4A. *a.* (1) Within ten days of the
13 conclusion of a membership vote approving the voluntary
14 dissolution, the board of directors or the liquidating agent
15 appointed pursuant to subsection 4 shall cause notice, as
16 provided in this subsection, to be given to creditors of the
17 state credit union to present their claims.

18 (2) A copy of the notice of voluntary dissolution shall be
19 mailed to all creditors reflected on the records of the state
20 credit union.

21 *b.* In addition to mailing notice to known creditors, the
22 state credit union shall also publish notice of the voluntary
23 dissolution as follows:

24 (1) State credit unions with assets in excess of \$5
25 million as of the month ending immediately prior to the date
26 of the conclusion of the vote by the membership approving
27 the dissolution shall publish the notice once a week for two
28 successive weeks in a newspaper of general circulation in each
29 county in which the state credit union maintains an office or
30 branch for the transaction of business.

31 (2) State credit unions with assets of \$5 million or
32 less as of the month ending immediately prior to the date of
33 the conclusion of the vote by the membership approving the
34 dissolution shall publish the notice once in a newspaper of
35 general circulation in each county in which the state credit

1 union maintains an office or branch.

2 *c.* Mailed and published notices under this subsection shall
3 indicate all of the following:

4 (1) A creditor shall have thirty days from the date the
5 notice was sent or first published to submit the creditor's
6 claim. The state credit union must receive the claim on or
7 before the thirtieth day, or the claim is barred.

8 (2) Information that must be included in a claim.

9 (3) A mailing address where a claim is to be sent.

10 Sec. 9. Section 533.405, subsections 5 and 6, Code 2013, are
11 amended to read as follows:

12 5. *a.* Upon such proof as is satisfactory to the
13 superintendent that all assets of the following have occurred,
14 the superintendent shall issue a certificate of dissolution:

15 (1) Assets have been liquidated from which there is a
16 reasonable expectance of realization, ~~that the.~~

17 (2) The liabilities of the state credit union have been
18 discharged ~~and distribution.~~

19 (3) Distribution has been made ~~to its members, and that the~~
20 pursuant to section 533.404, subsection 1.

21 (4) The liquidation has been completed, ~~the superintendent~~
22 ~~shall issue a certificate of dissolution, which.~~

23 *b.* The certificate shall be filed and recorded in the county
24 in which the state credit union has its principal place of
25 business and in the county in which its original articles of
26 incorporation were filed and recorded.

27 ~~*b.*~~ *c.* Upon the issuance filing of a certificate of
28 dissolution, the existence of the state credit union shall
29 cease.

30 6. *a.* At any time prior to ~~any~~ the final distribution
31 of its assets, a state credit union may revoke the voluntary
32 dissolution proceedings by the affirmative vote of a majority
33 of its members eligible to vote, according to the provisions
34 of section 533.203. At least twenty days' notice shall be
35 provided between the sending of notice and the scheduled

1 conclusion of the vote.

2 *b.* Upon the conclusion of the vote, the board of directors
3 shall immediately notify the superintendent of any such action
4 to revoke voluntary dissolution proceedings.

5 EXPLANATION

6 This bill makes specified changes relating to the
7 administration and regulation of state credit unions.

8 The bill adds a limited liability company to the list of
9 business entities encompassed within the definition of "credit
10 union service organization" for purposes of Code chapter
11 533. Additionally, the bill modifies the designation of a
12 specified elected officer within the board of directors of
13 a credit union such that one officer shall be a financial
14 officer whose title shall be designated by the board, rather
15 than a "chief" financial officer as the position is currently
16 described. Also, the bill specifies that credit unions shall
17 be authorized to sell remittance checks to, and send and
18 receive remittance transfers for, persons in the credit union's
19 field of membership.

20 The bill alters one of the requirements for approval by
21 the superintendent of credit unions of a credit union merger.
22 References to a meeting to be held on the question of merger
23 are changed to balloting upon the question. The bill deletes a
24 definition of the terms "merger" or "merge" within the context
25 of a credit union merger.

26 Relating to the dissolution of a credit union, the bill
27 deletes a provision which currently preserves remedies
28 available to or against a credit union or its directors,
29 officers, or members for rights or claims existing or liability
30 incurred prior to a voluntary or involuntary dissolution if
31 an action or other proceeding to enforce the right or claim
32 was commenced within two years after the date of filing of
33 a certificate or decree of dissolution. Also with regard to
34 dissolution, the bill adds that the board of directors of a
35 credit union undergoing dissolution shall notify the national

1 credit union administration of its intent to dissolve.

2 The bill further modifies voluntary dissolution provisions
3 to establish creditor notification requirements and procedures
4 concerning the presentation of claims and requirements that
5 must be satisfied prior to issuance of a certificate of
6 dissolution.